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**FOR IMMEDIATE RELEASE**

**Press Release**

## **Milliman Medical Index: Healthcare costs for a typical American family will exceed \$25,000 in 2016 and have tripled since 2001**

**Healthcare costs reach \$25,826 for the typical American family of four, compared to \$8,414 in 2001**

**Prescription drugs now make up almost 17% of the typical American family's healthcare costs**

Seattle – May 24, 2015 – Milliman, Inc., a premier global consulting and actuarial firm, today released the 2016 Milliman Medical Index (MMI), which measures the cost of healthcare for a typical American family of four receiving coverage from an employer-sponsored preferred provider plan (PPO). In 2016, costs for this family will increase by 4.7%—the lowest rate of increase in the history of this study—though the total dollar increase of \$1,155 marks the 11<sup>th</sup> consecutive year that the total dollar increase has exceeded \$1,100. The employer pays \$14,793 of the total healthcare costs and the employee—through payroll deductions and cost sharing at the time of service—pays \$11,033.

“The MMI surpassed \$25,000 this year, a significant and somewhat unsettling milestone,” said Chris Girod, co-author of the Milliman Medical Index. “Given the steep cost increases we’ve seen in the 15 years we’ve been studying healthcare costs for the typical American family, in this year’s report we reflect on how we got to this point and where we go from here.”

Healthcare cost trends have exceeded medical CPI in every year since Milliman published its first MMI in 2001. Healthcare has represented an increasing share of the national GDP. With an average of 7.8% in annual increases, the MMI has more than tripled in 15 years.

Most of the components of care analyzed by the MMI (physician, outpatient, inpatient, other) experienced trends in line with recent years, and overall the annual medical cost increase has ramped down from more than 9% in 2001 to less than 4% this year. But cost changes related to prescription drug coverage have been more volatile, with drugs becoming a larger portion of family healthcare expenditures—this year reaching 17% of their total. While that number requires a caveat—it does not include prescription drug manufacturer rebates that employers may receive for specialty and other high-cost drugs—it also points to the increasingly important role that drug costs play in a family’s cost of care.

The MMI is unique among health cost studies because it measures the total cost of health care services used by the family of four, including out-of-pocket expenses paid at time of service, and it separates the costs into portions paid by employer versus employee.

“Back in 2001, the first year we measured the MMI, employers paid 61% of costs while employees paid 39%. In 2016, the same split is 57% and 43%,” said Sue Hart, co-author of the MMI. “This year, the family’s share of healthcare costs reached \$11,033 out of a total of \$25,826. It’s evident that employees are taking on an increasing proportion of healthcare costs.”



"The steady decline in annual cost trends over the 15 years we've tracked the MMI provides a ray of hope," said Scott Wertz, co-author of the MMI. "Hopefully the current and future efforts to control costs will continue this trend."

To view the complete MMI, go to <http://us.milliman.com/MMI/>.

#### **About Milliman**

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. For further information, visit [www.milliman.com](http://www.milliman.com)

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